

ORIGINAL NEW APPLICATION



0000049110

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

JEFF HATCH-MILLER, CHAIRMAN

WILLIAM A. MUNDELL

MIKE GLEASON

KRISTIN K. MAYES

MARK SPITZER

2006 APR 14 P 4: 37

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission
DOCKETED

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OK

APPLICATION OF WATER
UTILITY OF GREATER
TONOPAH, INC., AN ARIZONA
CORPORATION, FOR AN
EXTENSION OF ITS
CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. W-02450A -06-

W-02450A-06-0253

APPLICATION

Water Utility of Greater Tonopah, Inc., ("WUGT") hereby files pursuant to the provisions of A.R.S. § 40-281 et. seq. and A.C.R.R. R.14-2-402, its Application for an Extension of its Certificate Of Convenience And Necessity to provide domestic water service to that part of Section 19, Township 2 North, Range 6 West, Gila & Salt River Basin and Meridian, Maricopa County, Arizona more particularly described on **Exhibit A**, attached hereto (the "Extension Area"). The Extension Area constitutes that portion of the Balterra Development that is contiguous to that portion of the Balterra Development located within the area certificated to WUGT by Decision No. 54419 (as corrected by Decision No. 68451). Detailed maps outlining the Extension Area are attached hereto as **Exhibit B**. No State or Federal land is included within the Extension Area.

The following supports this Application:

1. WUGT is an Arizona corporation holding a certificate of convenience and necessity to provide domestic water in portions of the westerly part of Maricopa County. A

1 copy of the Certificate of Good Standing is attached hereto as **Exhibit C**.

2 2. J. John Mihlik is the President of WUGT. His business address and telephone
3 number are:
4

5 Water Utility of Greater Tonopah, Inc.
6 3800 North Central Avenue, Suite 770
7 Phoenix, Arizona 85012
8 Telephone: 602-224-0711
9 Facsimile: 602-224-5455

10 3. Mr. Leonard Scheid is the operator certified by the Arizona Department of
11 Environmental Quality for WUGT. He can be reached at:

12 Water Utility of Greater Tonopah, Inc.
13 201 East Coronado Street
14 Buckeye, Arizona 85326
15 Telephone: 623-386-1576
16 Facsimile: 623-386-6638
17 Cell: 623-764-8401

18 4. A corporate resolution authorizing this Application is attached hereto as
19 **Exhibit D**.

20 5. The certificate of convenience and necessity of WUGT, described in Decision
21 No. 54419 (as corrected by Decision No. 68451) includes 620 acres of the Balterra
22 Development. The Extension Area includes the approximately 480 additional acres that
23 make up the balance of the Balterra Development

24 6. The request for water service related to the Extension Area is attached hereto
25 as **Exhibit E** from Fronterra Village, LLC. Fronterra has recently acquired and plans to
26 develop approximately 1,100 acres as the Balterra Development. Fronterra anticipates the
27 Balterra Development will be composed of 4,189 residential units (i.e., the approximately
28

1 4,000 residential units referenced in its request for service), and have commercial demand
2 equivalent to another 1,911 residential units. The conceptual Land Use Plan is attached as
3 **Exhibit F.**

4
5 7. An application for a determination of physical availability has been filed with
6 the Department of Water Resources by the landowners/developers to demonstrate there is an
7 adequate physical water supply available to meet the projected demands of the Balterra
8 Development. The landowners/developers, not WUGT, must apply for and secure a
9 Certificate of Assured Water Supply. However, in order to secure an application for a
10 Certificate of Assured Water Supply, the lands must be served by a municipal provider or
11 within the certificated area of a private water company or subject to an application therefore.
12 WUGT understands an application for a Certificate of Assured Water Supply for the Balterra
13 Development will soon be filed with the Arizona Department of Water Resources. A copy
14 of the Analysis of Assured Water Supply from the Arizona Department of Water Resources
15 is attached hereto as **Exhibit G.**

16
17
18 8. The Balterra Development will be developed in five phases. The first two
19 phases include a portion of the Extension Area, as well as area already certificated to WUGT
20 by Decision No. 54419 (as corrected by Decision No. 68451). A copy of the proposed
21 phasing of the Balterra Development is attached as **Exhibit H.**

22
23 9. The developer has prepared a preliminary water master plan. A copy of the
24 Water and Wastewater Master Plan for the Balterra Development has previously been
25 submitted to the Commission as part of Docket No. SW-20403A-05-0586 (Balterra Sewer
26 Corp.'s application for a certificate to provide wastewater service). The estimated water
27
28

1 system costs by phase are reflected on **Exhibit I**.

2 10. WUGT will require the developers of the Balterra Development to finance and
3 cause to be constructed the water-related infrastructure, including, without limitation, wells,
4 storage tanks, booster stations and water lines, necessary to meet the water demands of the
5 Extension Area through main line extension agreements as allowed pursuant to A.A.C. R14-
6 2-406. Main line extension agreements that require the developer to advance funds for new
7 water infrastructure place the risk of the development on the developer, not on the water
8 company or its customers. Successful developments will receive significant refunds (as a
9 percentage of revenues produced), while plant in unsuccessful developments will ultimately
10 be treated as contributions (and under current Commission practice permanently excluded
11 from rate base).

12 11. WUGT currently owns and operates eight separate public water systems (one
13 of which (WPE #1) still does not have a PWS number). The water demand and production
14 for each system is separately set forth in the Data Sheets attached hereto as **Exhibit J**. Water
15 facilities will be developed within the Balterra Development to ensure sufficient water
16 production and storage capability is available to meet its entire demand. In addition, WUGT
17 has an existing well located in West Phoenix Estates Unit #3 (adjacent to the Balterra
18 Development) that, through interconnection or hauling, can be available to meet initial
19 demands in the Balterra Development.¹

20 12. The current balance sheet and profit and loss statement of WUGT for the
21

22 ¹ The well in West Phoenix Estates Unit #3 is not presently interconnected with any public water system. However, it
23 will be interconnected with the West Phoenix Estates Unit # 6 system (PWS #07-733) by the end of the year.
24 Interconnecting the three systems (WPE Unit #3, WPE Estates Unit #6 and the Balterra Development) will increase
25 redundancy and system reliability for this portion of the WUGT system.
26
27
28

1 twelve month period ending December 31, 2005 is attached hereto as **Exhibit K**.

2 13. The developers of the Balterra Development have based water demand
3 projections upon the entire Balterra Development, not just the Extension Area. Phases 1 and
4 2 of the development contain significant portions of the Extension Area. The Expansion
5 Area encompasses the entirety of Phases 3 and 4. It is estimated the Balterra Development
6 (both within and beyond the Extension Area) will experience new customers that require
7 service over the next five years as follows:
8

9
10 **Residential:**

11 First Year: 860 Second Year: 1478 (2338 cumulative)

12 Third Year: 1158 (3496 cumulative) Fourth Year: 693 (4189 cumulative)

13 Fifth Year: 0 (4189 cumulative)
14

15 **Commercial:**

16 First Year: 0 Second Year: 0 Third Year: 0

17 Fourth Year: 0 Fifth Year: 1911 (EDUs)
18

19 14. The projected annual water consumption (gallons) in the Extension Area for
20 each of the first five years after water service commences therein is estimated (using 6000
21 gallons per customer, with each new customer assumed to be active for ½ of the year) as
22 follows:

23 **Residential:**

24 First Year: 10,800,000 Second Year: 56,160,000

25 Third Year: 90,720,000 Fourth Year: 134,640,000

26 Fifth Year: 187,200,000
27
28

1 **Commercial:**

2 First Year: 0 Second Year: 0 Third Year: 0 Fourth Year: 7,200,000
3
4 Fifth Year: 12,240,000

5 15. Based upon WUGT's current rates and charges, the annual operating revenue
6 in the Extension Area for each of the first five years after water service commences therein is
7 as follows:

8 **Residential:**

9 First Year: \$81,456 Second Year: \$423,540 Third Year: \$684,180
10 Fourth Year: \$1,015,416 Fifth Year: \$1,411,800

11 **Commercial:**

12 First Year: 0 Second Year: 0 Third Year: 0 Fourth Year: \$54,300
13
14 Fifth Year: \$92,316

15 16. Based on the forgoing projections, WUGT estimates annual operating expenses
16 for the first five years of operations to be:

17 **Residential:**

18 First Year: \$88,787 Second Year: \$461,659 Third Year: \$649,971
19
20 Fourth Year: \$964,645 Fifth Year: \$1,341,210

21 **Commercial:**

22 First Year: 0 Second Year: 0 Third Year: 0 Fourth Year: \$51,585
23
24 Fifth Year: \$87,700

25 17. WUGT holds a Maricopa County franchise that already encompasses the
26 Extension Area. A copy of the Maricopa County franchise is attached as **Exhibit L**.

27 18. The public convenience and necessity require the granting of this Application.
28

1 WUGT was certificated to provide water service to over 56% of the Balterra Development in
2 1985. WUGT has made investment as necessary and appropriate to meet the demands for
3 service in and around the area. The owners of the Extension Area have requested water
4 service to the entire Balterra Development from WUGT. Expansion of WUGT's certificate
5 of convenience and necessity to encompass the Extension Area is in the public interest, will
6 promote orderly growth of existing utilities in the area, achieve economies of scale related
7 therewith and is consistent with A.R.S. §40-281 (B) (wherein the legislature provides that a
8 corporation is not required to secure a certificate for an extension "contiguous to its . . . line,
9 plant or system . . . or for an extension . . . necessary in the ordinary course of its business).

12 19. To the best of its knowledge and belief, WUGT is currently in compliance with
13 all regulatory requirements applicable to the provision of domestic water service within its
14 certificated area.

16 20. A copy of the proposed Public Notice form is attached hereto as **Exhibit M**.

17 21. All correspondence and communications regarding this Application should be
18 addressed to:

20 William P. Sullivan
21 Nancy A. Mangone
22 Curtis, Goodwin, Sullivan,
23 Udall & Schwab, PLC
24 2712 N. Seventh Street
25 Phoenix, Arizona 85006
26 Phone (602) 393-1700
27 Facsimile (602) 393-1703
28 wsullivan@cgsuslaw.com
nmangone@cgsuslaw.com

1 With copies to:

2 J. John Mihlik
3 Water Utility of Greater Tonopah, Inc.
4 3800 North Central Avenue, Suite 770
5 Phoenix, Arizona 85012

6 WHEREFORE, Water Utility of Greater Tonopah, Inc. respectfully requests
7 the Commission:

8 1. Accept this Application for filing and promptly issue a procedural order
9 governing the processing of this Application, including, without limitation, the manner and
10 time for filing any notice, the time for filing for intervention, the time for filing the Staff
11 Report and the time for hearing;

12 2. Order that WUGT's Certificate of Convenience and Necessity be
13 expanded to include the Extension Area as described in **Exhibit A** attached hereto; and
14

15 3. Grant such further relief as the Commission deems just and proper
16 based upon the record presented.

17 DATED THIS 14th day of April, 2006.

18
19 CURTIS, GOODWIN, SULLIVAN,
20 UDALL & SCHWAB, P.L.C.

21 By: 

22 William P. Sullivan
23 Nancy A. Mangone
24 2712 North 7th Street
25 Phoenix, Arizona 85006-1090
26 Attorneys for Water Utility of Greater
27 Tonopah, Inc.
28

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**Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007**

1284-5-3-4\App for CCN Ext Balterra v2.doc

Exhibit A

WATER SERVICE AREA DESCRIPTION

BALTERRA

THE NORTHEAST QUARTER AND THE SOUTH HALF OF SECTION 19, TOWNSHIP 2 NORTH, RANGE 6 WEST,
GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THAT PORTION OF THE SOUTHWEST QUARTER OF SAID SECTION 19 DESCRIBED AS FOLLOWS:

COMMENCING AT A BRASS CAP FOUND AT THE SOUTH QUARTER CORNER OF SAID SECTION 19, FROM WHICH AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP AT THE SOUTHEAST CORNER OF SAID SECTION 19 BEARS SOUTH 89°28'08" EAST, A DISTANCE OF 2640.04 FEET; THENCE NORTH 89°28'43" WEST, ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 1482.82 FEET; THENCE NORTH 00°31'17" EAST, A DISTANCE OF 40.00 FEET TO A HALF INCH REBAR AT A POINT ON A LINE LYING 40.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19 AND THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°31'17" EAST, A DISTANCE OF 200.00 FEET TO A HALF IN REBAR AT A POINT ON A LINE LYING 240.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19;

THENCE SOUTH 89°28'43" EAST, ALONG SAID LINE LYING 240.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 200.00 FEET TO A HALF IN REBAR;

THENCE SOUTH 00°31'17" WEST, A DISTANCE OF 200.00 FEET TO A HALF IN REBAR AT A POINT ON SAID LINE LYING 40.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19;

THENCE NORTH 89°28'43" WEST, ALONG SAID LINE LYING 40.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 200.00 FEET TO A HALF IN REBAR AT THE POINT OF BEGINNING;

ALSO EXCEPT ANY PORTION OF THE SOUTHWEST QUARTER OF SAID SECTION 19 LYING WITHIN THAT CERTAIN TRACT OF LAND CONDEMNED FOR HIGHWAY PURPOSES BY INSTRUMENT RECORDED UNDER DOCKET 7553, PAGE 749, RECORDS OF MARICOPA COUNTY ARIZONA.

SITUATE IN THE COUNTY OF MARICOPA, STATE OF ARIZONA.

CONTAINS 475.815 ACRES MORE OR LESS.

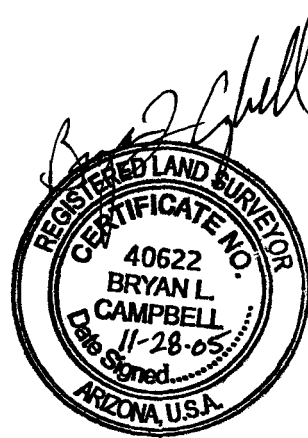
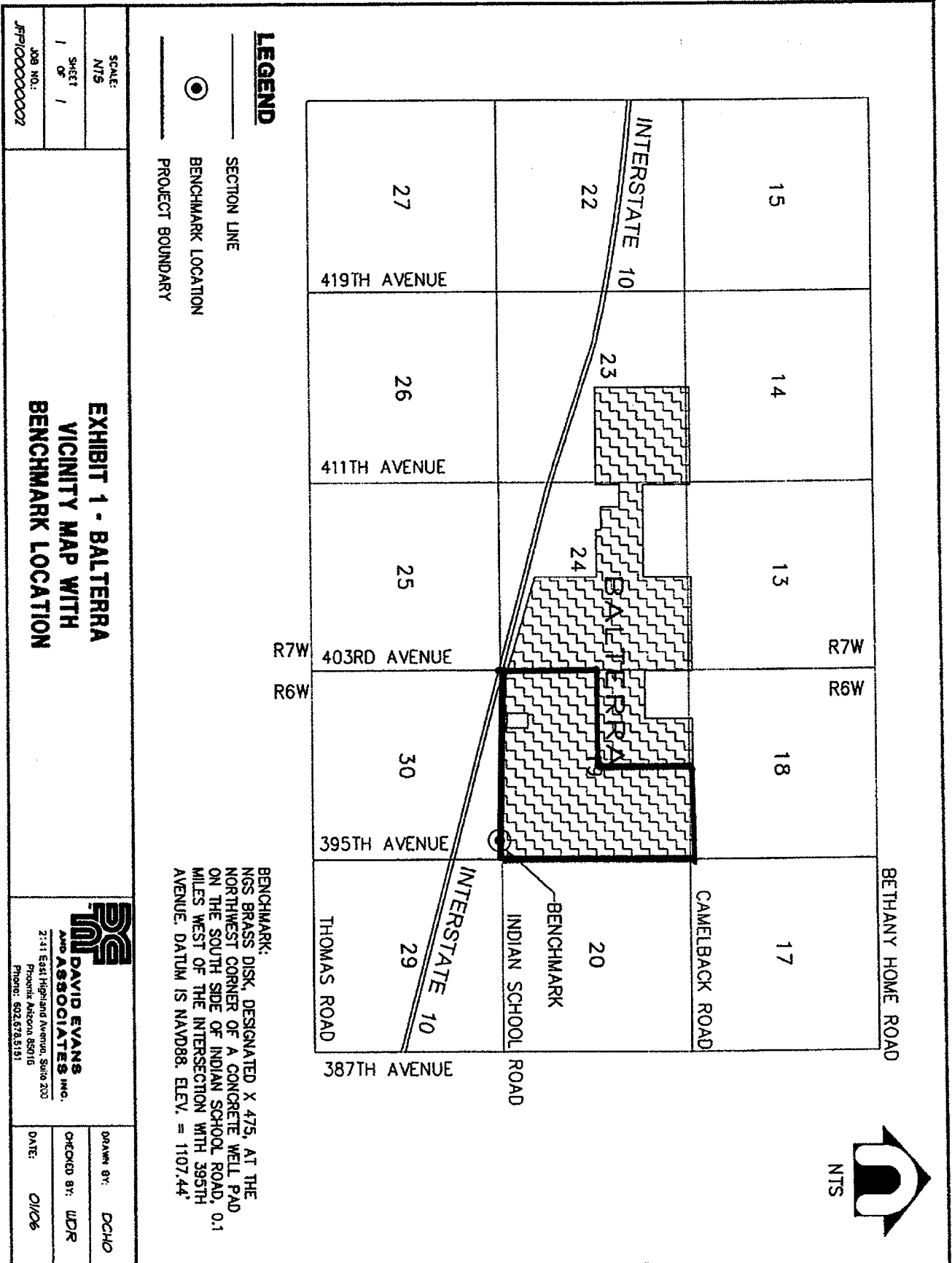


Exhibit B

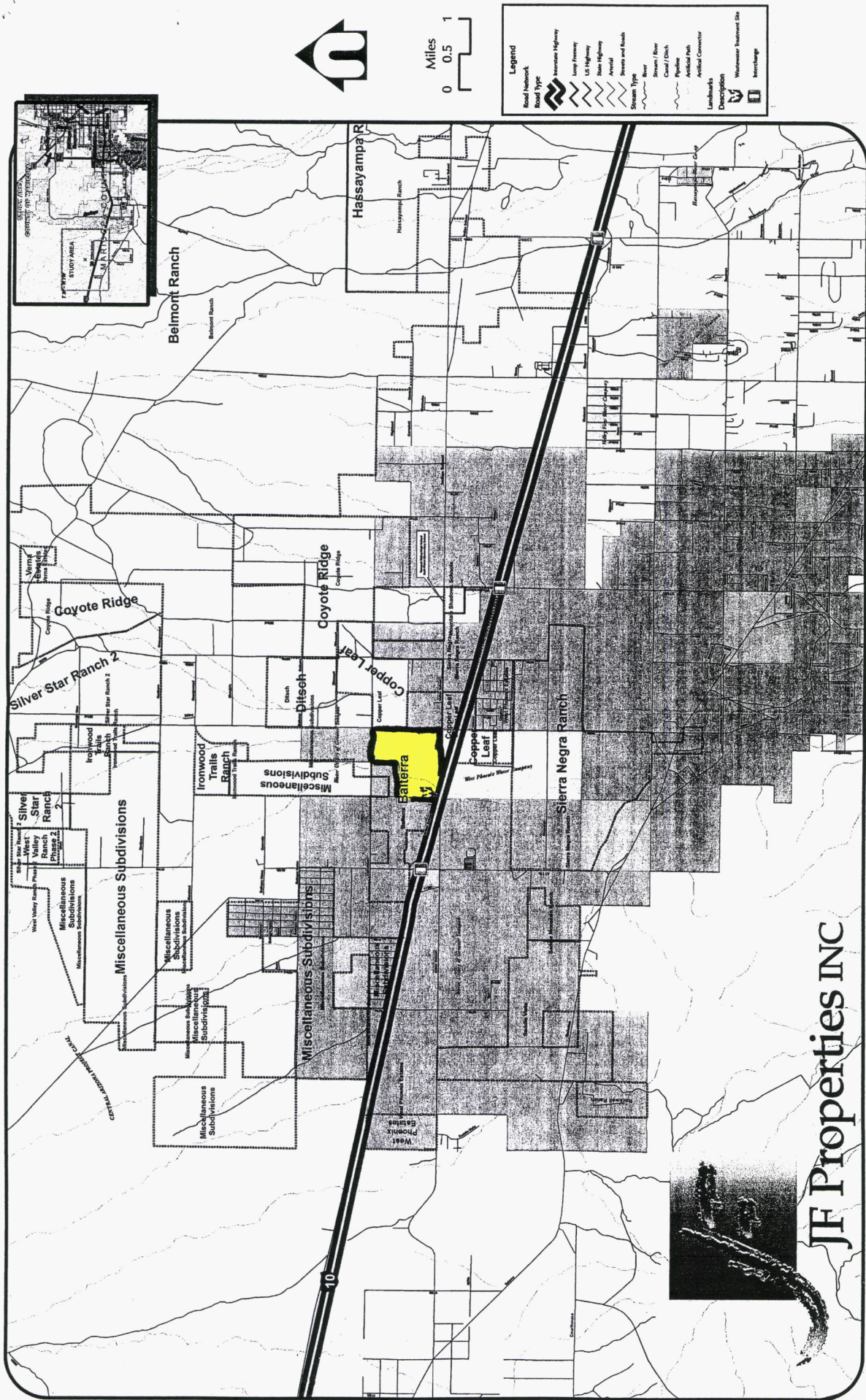


LEGEND

- SECTION LINE
- BENCHMARK LOCATION
- PROJECT BOUNDARY

BENCHMARK:
NGS BRASS DISK, DESIGNATED X 475, AT THE
NORTHWEST CORNER OF A CONCRETE WELL PAD
ON THE SOUTH SIDE OF INDIAN SCHOOL ROAD, 0.1
MILES WEST OF THE INTERSECTION WITH 395TH
AVENUE. DATUM IS NAVD88. ELEV. = 1107.44'

| | | | |
|--|--|-----------------|--|
| SCALE: NTS | | DRAWN BY: DCHO | |
| SHEET 1 OF 1 | | CHECKED BY: UDR | |
| JOB NO.: JFP100000002 | | DATE: 01/06 | |
| <p>EXHIBIT 1 - BALTERRA VICINITY MAP WITH BENCHMARK LOCATION</p> | | | |
| <p>DAVID EVANS AND ASSOCIATES, INC. 2111 East Highland Avenue, Suite 203 Phoenix, Arizona 85016 Phone: 602.678.5151</p> | | | |



Tonopah Area • Certificates of Convenience and Necessity

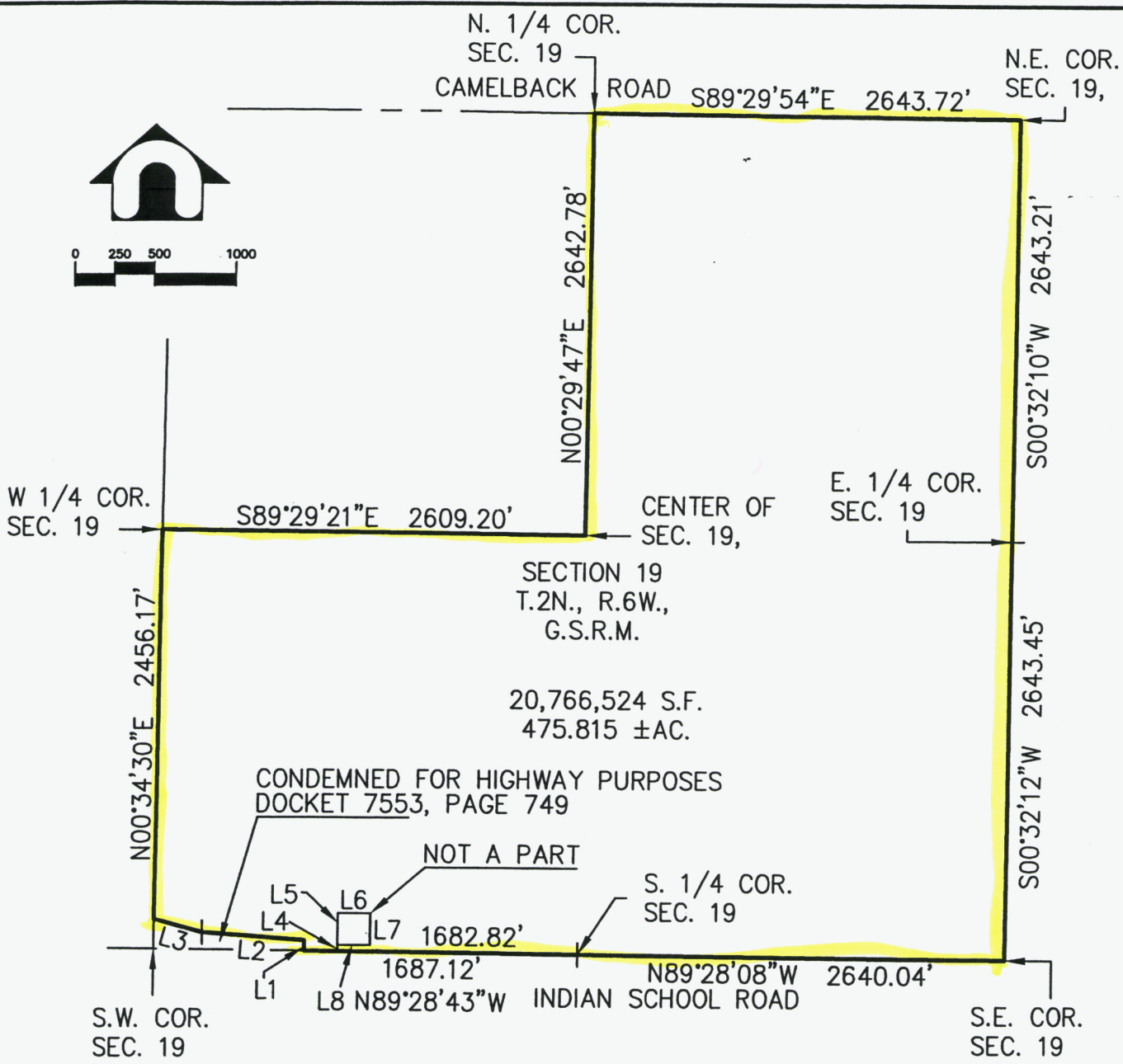
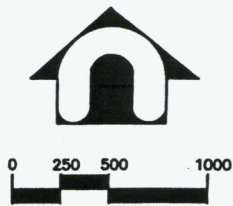
Dark Shade = Water Utility of Greater Tonopah, Inc.

1

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| 6 | | 5 | | 4 | | 3 | | 2 | | 1 |
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| 1 9 | | 2 0 | | 2 1 | | 2 2 | | 2 3 | | 2 4 |
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| 3 1 | | 3 2 | | 3 3 | | 3 4 | | 3 5 | | 3 6 |

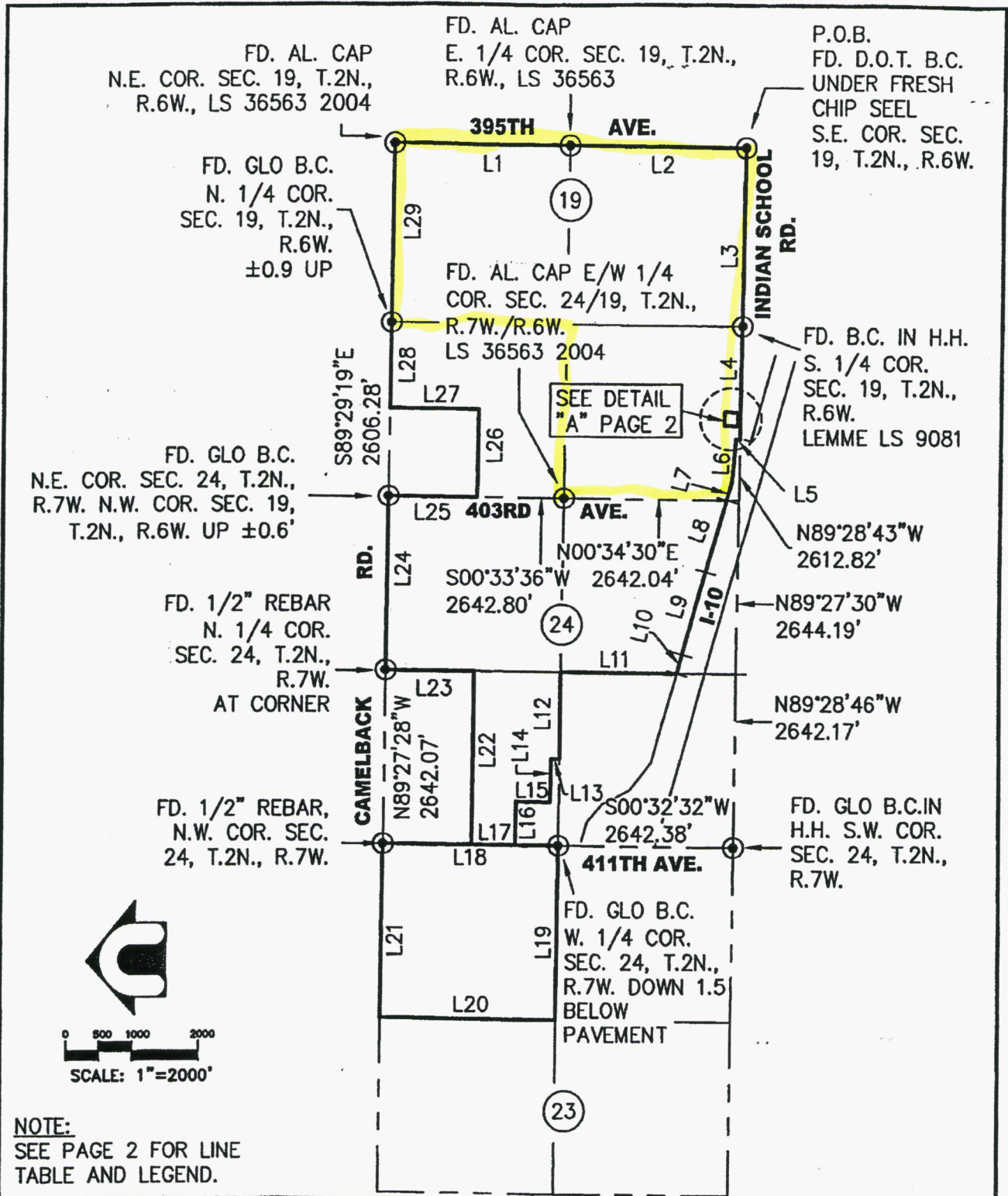
See attached maps.

P:\JFPI00000002\0400CAD\SV\DWG\SVEM01JFPI000000002.dwg BLCA Nov 29, 2005 9:25:56am




| LINE TABLE | | |
|------------|-------------|---------|
| LINE | BEARING | LENGTH |
| L1 | N00°31'17"E | 65.22' |
| L2 | N85°42'56"W | 629.08' |
| L3 | N74°33'19"W | 308.20' |
| L4 | N00°31'17"E | 40.00' |
| L5 | N00°31'17"E | 200.00' |
| L6 | S89°28'43"E | 200.00' |
| L7 | S00°31'17"W | 200.00' |
| L8 | N89°28'43"W | 200.00' |

| | | | |
|------------------------------|---|--|-------------------------|
| SCALE: 1"=1000' | WATER SERVICE AREA BALTERRA TONAPAH, MARICOPA, ARIZONA | DAVID EVANS AND ASSOCIATES INC. 2141 East Highland Avenue, Suite 200 Phoenix Arizona 85016 Phone: 602.678.5151 | DRAWN BY: AFMC |
| SHEET 1 OF 1 | | | CHECKED BY: BLCA |
| JOB NO.: JFPI00002 | | | DATE: 11/05 |

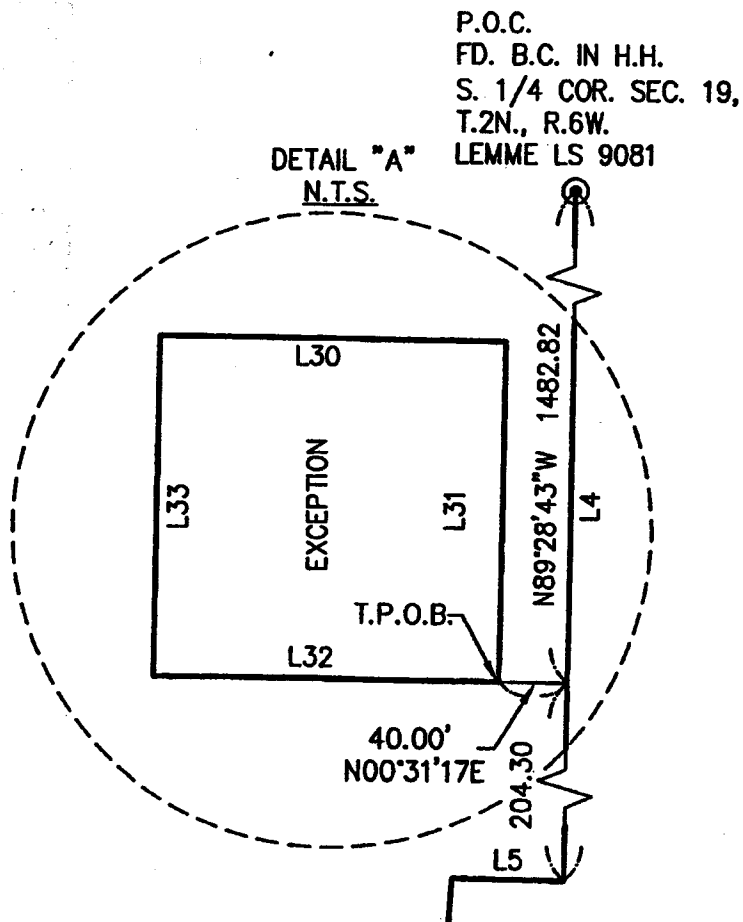


NOTE:
SEE PAGE 2 FOR LINE
TABLE AND LEGEND.

| | | | |
|-----------------------------|--|---|-----------------------|
| SCALE: 1"=2000' | BOUNDARY EXHIBIT FOR BALTERRA |  DAVID EVANS AND ASSOCIATES 1990. 2141 East Highland Avenue, Suite 200 Phoenix Arizona 85016 Phone: 602.678.5151 | DRAWN BY: ATYC |
| SHEET 1 OF 2 | | | CHECKED BY: |
| JOB NO.: CYFG0002 | | | DATE: 4/05 |

LEGEND

- INDICATES FOUND MONUMENT AS NOTED
- RIGHT OF WAY LINE
- INDICATES MONUMENT LINE
- INDICATES PROPERTY LINE



| LINE TABLE | | |
|------------|-------------|----------|
| LINE | BEARING | LENGTH |
| L1 | S00°32'10"W | 2643.21' |
| L2 | S00°32'12"W | 2643.45' |
| L3 | N89°28'08"W | 2640.04' |
| L4 | N89°28'43"W | 1687.12' |
| L5 | N00°31'17"E | 65.22' |
| L6 | N85°42'56"W | 629.08' |
| L7 | N74°33'19"W | 308.20' |
| L8 | N74°32'33"W | 1142.11' |
| L9 | N74°32'55"W | 1300.16' |
| L10 | N74°32'56"W | 294.08' |
| L11 | N00°32'56"E | 1751.55' |
| L12 | N89°27'44"W | 1321.24' |
| L13 | N00°33'08"E | 132.00' |
| L14 | N89°27'44"W | 660.61' |
| L15 | N00°33'16"E | 528.12' |
| L16 | N89°27'40"W | 660.59' |
| L17 | N00°33'24"E | 660.13' |
| L18 | S00°33'24"W | 2640.55' |
| L19 | N89°26'32"W | 2636.57' |
| L20 | N00°35'09"E | 2641.17' |
| L21 | S89°25'44"E | 2635.23' |
| L22 | S89°27'36"E | 2642.28' |
| L23 | N00°32'53"E | 1320.15' |
| L24 | S89°31'19"E | 2645.96' |
| L25 | S00°33'36"W | 1320.00' |
| L26 | S89°29'19"E | 1320.00' |
| L27 | N00°33'36"E | 1320.00' |
| L28 | S89°29'19"E | 1286.27' |
| L29 | S89°29'54"E | 2643.72' |
| L30 | S00°31'17"W | 200.00' |
| L31 | N89°28'43"W | 200.00' |
| L32 | N00°31'17"E | 200.00' |
| L33 | S89°28'43"E | 200.00' |

| |
|----------------------|
| SCALE: AS NOTED |
| SHEET 2 OF 2 |
| JOB NO.: CYR00002 |

BOUNDARY EXHIBIT FOR BALTERRA

**DAVID EVANS
AND ASSOCIATES INC.**
2141 East Highland Avenue, Suite 200
Phoenix Arizona 85016
Phone: 602.878.5151

DRAWN BY: AFYC
CHECKED BY:
DATE: 4/05

Exhibit C

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****WATER UTILITY OF GREATER TONOPAH, INC.*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on October 17, 1983.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 22nd Day of March, 2006, A. D.


Executive Director

Order Number: 56015

Exhibit D

**RESOLUTION
OF
WATER UTILITY OF GREATER TONOPAH, INC.**

WHEREAS, the Board of Directors at the annual meeting held on April 20, 2005 duly authorized the President of Water Utility of Greater Tonopah to take actions on behalf of the corporation as necessary or appropriate before the Arizona Corporation Commission, the Arizona Department of Water Resources and the Arizona Department of Environmental Quality;


WHEREAS, certain land owners in the vicinity of the existing Certificate of Convenience and Necessity desire water service from Water Utility of Greater Tonopah; and

WHEREAS, the vacant lands could provide additional growth for this portion of the Water Utility of Greater Tonopah system.


BE IT RESOLVED that the corporation's officers be and hereby are authorized and directed to take any and all action deemed necessary or appropriate to expand the certificated area by adding the area more fully described in Exhibit A attached hereto and incorporated herein by this reference, including, without limitation, retaining attorneys and other consultants and filing and processing an application for inclusion with the Arizona Corporation Commission.

BE IT FURTHER RESOLVED that the President, incidental to the President's duties to the management and operation of the corporation, be and hereby is authorized to act on behalf of the Company before the Arizona Corporation Commission on the aforementioned matter.

DATED this 22th day of March 2006.



John Mihlik, President



John F. Goodson, Secretary

Exhibit E

Fronterra Village

January 31, 2006

Mr. John Mihlik, President
Water Utility of Greater Tonopah
3800 N. Central Ave., #770
Phoenix, Arizona 85012

Re: Extension of Water Service by Water Utility of Greater Tonopah to
Balterra Development

Dear Mr. Mihlik:

Please accept this letter as a formal request for extension of water utility service by the Water Utility of Greater Tonopah ("WUGT") to the master planned development known as Balterra. As you know, Fronterra Village, LLC ("Fronterra") recently acquired this parcel, which we understand is partially located within WUGT's certificated service area. This letter constitutes Fronterra's formal request for WUGT to extend water utility service to the project.

Briefly, the project encompasses approximately 1,100 acres located in western Maricopa County, upon which Fronterra intends to develop approximately 4,000 residential units. A legal description of the area that is currently not within the WUGT service area and will require water service is attached hereto as Attachment 1.

We understand WUGT may be required to prepare an analysis of demand from our project and several others in the vicinity. We further understand that the analysis is intended to determine the need for and nature of off-site facilities WUGT believes it will need to extend water utility service to our project. From there, engineering design and costs will be determined and our pro rata share of such costs will be allocated and incorporated into a main extension agreement that comports with the requirements of the Arizona Corporation Commission's ("Commission") rules and regulations. We trust that WUGT will move with all possible speed to complete the engineering and contract preparation, as well as obtain any required approvals necessary to meet our need for water utility service to our project.

Mr. John Mihlik
January 31, 2006
Page 2

Because our project is only partially located within WUGT's service area, we understand that WUGT will need approval from the Commission to expand its Certificate of Convenience and Necessity so that the entire project can be served. Fronterra will provide WUGT with all information and documents necessary so that a CC&N extension application can be filed with the Commission, as will be more fully addressed in any future water main extension agreement between Fronterra and WUGT.

We look forward to working with you and WUGT on this exciting project. In the meantime, if you have questions or need further information regarding Fronterra's project, please let me know.

Sincerely,

FRONTERRA VILLAGE, LLC



Joel H. Farkas
Manager

JHF:mk

Enclosure

Exhibit F

(1/100 acres)
BALTERRA CONCEPTUAL LAND USE PLAN

Exhibit G

ARIZONA DEPARTMENT OF WATER RESOURCES

Office of Assured and Adequate Water Supply

500 North Third Street, Phoenix, Arizona 85004

Telephone (602) 417-2463

Fax (602) 417-2467

JANET NAPOLITANO
GovernorKEES GUYVER
Director**ANALYSIS OF ASSURED WATER SUPPLY**

March 1, 2005

File Number: 28-481555.0000
Development: Balmora
Location: Township 2 North, Range 7 West, Sections 23 & 24, and
 Township 2 North, Range 6 West, Sections 19
 Maricopa County, Arizona
 Phoenix AMA
Land Owner: Roman Freeway LP, Harris Freeway LP, Nelson I Freeway LP, Kittman
 Freeway LP, L & L Freeway LP, L & B Freeway LP, Counts-Ashman Freeway
 LP, Davis-Condos Freeway LP, Balmora, LLC, WT Freeway LP, Skinner
 Freeway LP, Chasen Freeway LP, SP Freeway LP, AC Freeway LP, W-O-K
 Freeway LP, Nelson II Freeway LP, Stratusman PM Freeway LP

The Arizona Department of Water Resources has evaluated the Analysis of Assured Water Supply application for Balmora pursuant to A.A.C. R12-15-712. The proposed development includes 4,314 single-family residential lots, 881 multifamily residential lots and 334 non-residential acres containing commercial and open space areas, schools, parks and rights-of-way. The water provider will be Water Utility of Greater Tempe. Conclusions of the review are indicated below based on the assured water supply criteria referenced in A.R.S. § 45-576 and A.A.C. R12-15-701 *et seq.*

- **Physical, Continuous, and Legal Availability of Water for 100 Years**
 On the basis of the hydrologic study submitted and the Department's review, the Department has determined that 3,057 acre-feet per year of groundwater will be physically and continuously available, which equals the applicant's projected demands for the development of 3,057 acre-feet per year. The legal availability of the water is not proven at this time. The development is not located within the current service area of the Water Utility of Greater Tempe. A portion of the development falls within the Certificate of Convenience and Necessity boundary of the Water Utility of Greater Tempe. Applications for Certificates of Assured Water Supply that follow the Analysis of Assured Water Supply will need to provide a detailed plan of how water service will be established. This may include use of Type 1 or Type 2 water rights or recovery of long term storage credits to create a new or satellite service area, or extension of existing service area lines to include the proposed development. Individual Notices of Intent to Serve will be required for each application for a Certificate of Assured Water Supply.
- **Adequate Water Quality**
 Adequate water quality has not been demonstrated at this time. The proposed development lies outside the provider's current service area, therefore, no drinking water compliance data are available. No water quality data was submitted with the application.

To provide service in this area, a provider will likely have to construct new wells. The Arizona Department of Environmental Quality will require water quality analyses for new source approval for each well. This requirement of an Analysis of Assured Water Supply will be reevaluated for each application for a Certificate of Assured Water Supply.

- **Consistency with Management Plan for the Phoenix Active Management Area**
The projected demand for the development is consistent with the Third Management Plan for the Phoenix AMA. Balera will use low water use landscaping and planting fixtures will comply with the statewide Low Flow Plumbing Code.
- **Consistency with Management Goal of the Phoenix Active Management Area**
The Assured and Adequate Water Supply Rules (A.A.C. § R12-15-705) allocate a volume of groundwater to each new subdivision in an AMA to allow for the phasing in of renewable supplies. This groundwater allowance may be increased by extinguishing irrigation grandfathered groundwater rights (IGFR). Any groundwater delivery in excess of the groundwater allowance must be met through the direct or indirect use of renewable water supplies (surface water or effluent). Options for demonstrating "consistency with management goal" include: 1) direct use of surface water or effluent; 2) recharge and recovery of surface water or effluent; or 3) membership in the Central Arizona Groundwater Replenishment District (CAGRD).

The application indicates that the proposed development will enroll the lands of the entire development, including the commercial and open space areas, schools, parks and other non-residential areas, in the CAGRD to meet this requirement. The membership documents must be executed and recorded before a Certificate of Assured Water Supply will be issued.

Prior to preparing an application for a Certificate of Assured Water Supply for an individual subdivision plat, the Phoenix AMA Office or the Office of Assured Water Supply may be contacted for further guidance.

- **Financial Capability of the Owner to Construct the Necessary Distribution System**
Pursuant to A.A.C. R12-15-707, financial capability will be evaluated by the local platting authority as a part of the process for obtaining a Certificate of Assured Water Supply for each subdivision. The application for a Certificate of Assured Water Supply includes a Verification of Construction Assurance for a Proposed Subdivision form. This form should be signed by the appropriate platting entity to provide evidence of financial capability. This requirement of an assured water supply will be evaluated upon application for a Certificate of Assured Water Supply.

The term of this Analysis of Assured Water Supply is ten years from the date of this letter and may be renewed upon request, subject to approval by the Department. Throughout the term of this determination, the projected demand of this development will be considered when reviewing other requests for assured water supply in the area.

Prior to obtaining plat approval by the local platting authority and approval of the public report by the Department of Real Estate, a Certificate of Assured Water Supply must be obtained for each subdivision plat. The findings of this Analysis of Assured Water Supply may be used to demonstrate that certain requirements for a Certificate have been met. This determination may be invalidated if the development plan or other conditions change prior to filing for a Certificate of Assured Water Supply.

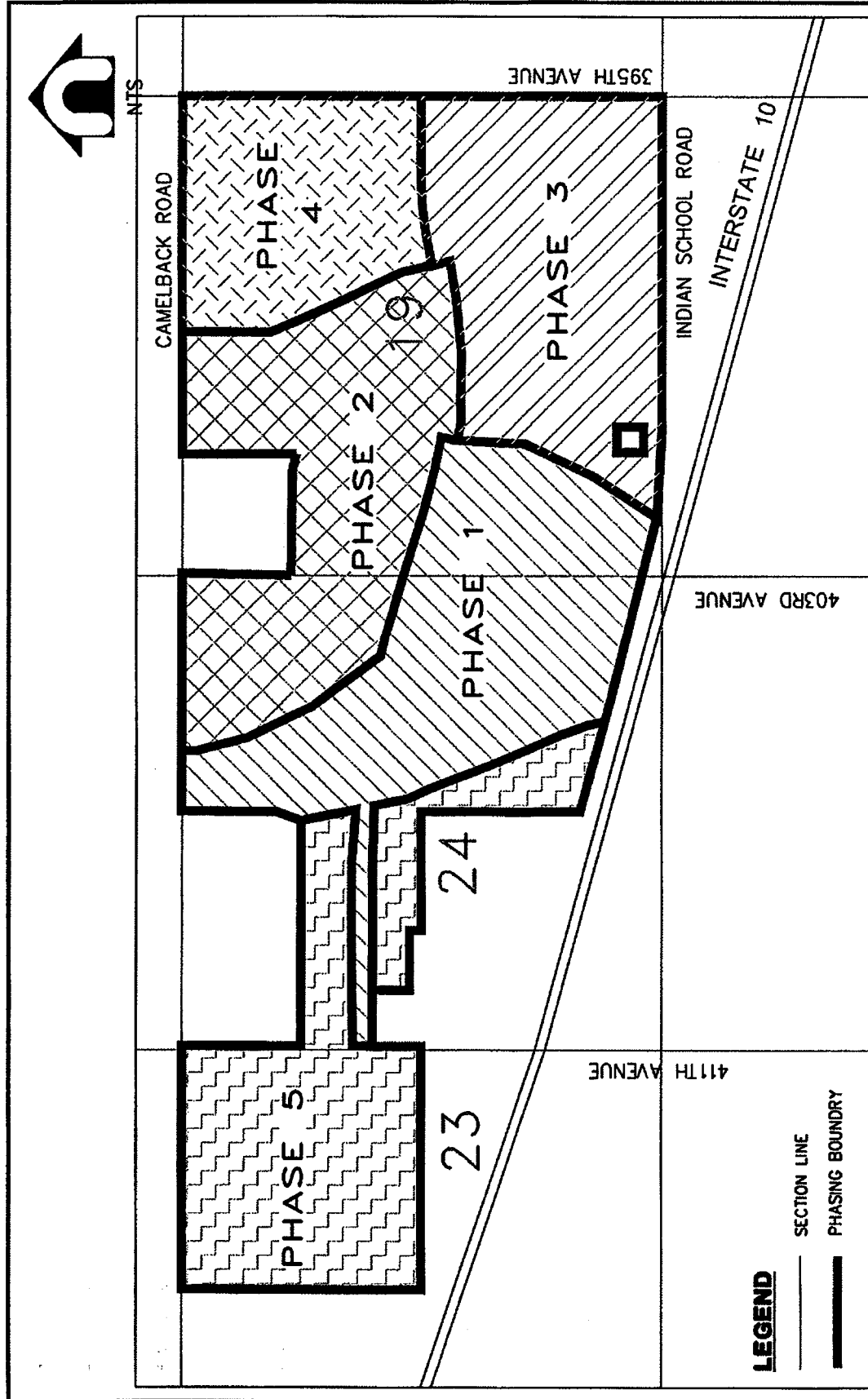
Questions may be directed to the Office of Assured Water Supply at (602) 417-2465.

Mark Frank

Mark Frank, Acting Assistant Director
Water Management Division

cc: Phoenix Active Management Area

Exhibit H



| | | |
|--|--|---|
| EXHIBIT 3 BALTERRA (1,100 acres) PHASING EXHIBIT | | DRAWN BY: JME CHECKED BY: WDR DATE: 2/2006 |
| DAVID EVANS AND ASSOCIATES INC. 2141 East Highland Avenue, Suite 200 Phoenix Arizona 85016 Phone: 602.675.5151 | | SCALE: NTS SHEET 1 OF 1 JOB NO.: JF1000000001 |

320 x 6
20

Exhibit I

**Balterra 1,100 Acre Estimated Equivalent Residential DU Demand
and Estimated Water System Cost.**

| Calander Yr | Development Yr | % of Buildout | Equivalent Residential DU/Yr | Total Equivalent Residential DU | Water System Cost |
|--------------------|-----------------------|----------------------|---|--|------------------------------|
| 2008 | Year 1 | 14% | 860 | 860 | \$6,096,034.00 |
| 2009 | Year 2 | 24% | 1478 | 2338 | \$1,625,859.00 |
| 2010 | Year 3 | 19% | 1158 | 3496 | \$1,273,846.00 |
| 2011 | Year 4 | 11% | 693 | 4189 | \$762,328.00 |
| 2013 | Year 5 | 31% | 1911 | 6100 | \$2,102,176.00 |
| TOTAL | | 100% | | | \$11,860,244.00 |

Prepared by Jim Condit, Engineer for Balterra.

Exhibit J

WATER USE DATA SHEET

| | |
|--|--|
| NAME OF COMPANY —————→ | Water Utility of Greater Tonopah, Inc. |
| ADEQ Public Water System No. —→ | Sunshine System PWS #07-071 |

| MONTH/YEAR (Last 13 Months) | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) |
|--------------------------------|---------------------|-----------------------------|
| 02/05 | 73 | 384 |
| 03/05 | 76 | 406 |
| 04/05 | 80 | 630 |
| 05/05 | 80 | 1,050 |
| 06/05 | 80 | 1,368 |
| 07/05 | 79 | 1,357 |
| 08/05 | 83 | 1,059 |
| 09/05 | 84 | 1,149 |
| 10/05 | 88 | 939 |
| 11/05 | 87 | 743 |
| 12/05 | 92 | 698 |
| 01/06 | 91 | 463 |
| 02/06 | 104 | 744 |
| Total | | 10,990 |

| STORAGE TANK CAPACITY (Gallons) | NUMBER OF EACH | ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER | WELL PRODUCTION (Gallons per Minute) |
|---------------------------------------|-------------------|---|--|
| 100,000 | 1 | 55-802141 | 130 |
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| Other Water Sources in Gallons per Minute —————→ | GPM | - |
| Fire Hydrants on System —————→ | Yes | X No |
| Total Water Pumped Last 13 Months (Gallons in Thousands) —→ | | 11,805 |

WATER USE DATA SHEET

| | |
|--|--|
| NAME OF COMPANY —————→ | Water Utility of Greater Tonopah, Inc. |
| ADEQ Public Water System No. —→ | WPE #1 System PWS #new application |

| MONTH/YEAR (Last 13 Months) | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) |
|--------------------------------|---------------------|-----------------------------|
| 02/05 | 1 | 3 |
| 03/05 | 1 | 4 |
| 04/05 | 1 | 5 |
| 05/05 | 1 | 6 |
| 06/05 | 1 | 9 |
| 07/05 | 1 | 9 |
| 08/05 | 1 | 5 |
| 09/05 | 1 | 6 |
| 10/05 | 1 | 6 |
| 11/05 | 1 | 4 |
| 12/05 | 2 | 5 |
| 01/06 | 2 | 4 |
| 02/06 | 2 | 4 |
| Total | | 70 |

| STORAGE TANK CAPACITY (Gallons) | NUMBER OF EACH | ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER | WELL PRODUCTION (Gallons per Minute) |
|---------------------------------------|-------------------|---|--|
| 5,000 | 1 | 55-600209 | 20 |
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|---|-----|-----------|
| Other Water Sources in Gallons per Minute —————→ | GPM | - |
| Fire Hydrants on System —————→ | Yes | X No |
| Total Water Pumped Last 13 Months (Gallons in Thousands) —————→ | | 94 |

* High water usage due to the construction of a new well in 2005.

WATER USE DATA SHEET

| | |
|--|--|
| NAME OF COMPANY —————→ | Water Utility of Greater Tonopah, Inc. |
| ADEQ Public Water System No. —→ | Rose View System PWS #07-082 |

| MONTH/YEAR (Last 13 Months) | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) |
|--------------------------------|---------------------|-----------------------------|
| 02/05 | 17 | 63 |
| 03/05 | 17 | 74 |
| 04/05 | 16 | 95 |
| 05/05 | 16 | 95 |
| 06/05 | 14 | 137 |
| 07/05 | 14 | 96 |
| 08/05 | 14 | 98 |
| 09/05 | 14 | 92 |
| 10/05 | 15 | 142 |
| 11/05 | 14 | 86 |
| 12/05 | 14 | 118 |
| 01/06 | 15 | 139 |
| 02/06 | 15 | 169 |
| Total | | 1,404 |

| STORAGE TANK CAPACITY (Gallons) | NUMBER OF EACH | ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER | WELL PRODUCTION (Gallons per Minute) |
|---------------------------------------|-------------------|---|--|
| 10,000 | 1 | 55-802143 | 30 |
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|---|-----|-----------|
| Other Water Sources in Gallons per Minute —————→ | GPM | - |
| Fire Hydrants on System —————→ | Yes | X No |
| Total Water Pumped Last 13 Months (Gallons in Thousands) —→ | | 1,582 |

WATER USE DATA SHEET

| | |
|--|---|
| NAME OF COMPANY —————→ | Water Utility of Greater Tonopah, Inc. |
| ADEQ Public Water System No. —————→ | Garden City/Big Horn System PWS #07-037 |

| MONTH/YEAR (Last 13 Months) | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) |
|--------------------------------|---------------------|-----------------------------|
| 02/05 | 15 | 96 |
| 03/05 | 15 | 99 |
| 04/05 | 15 | 115 |
| 05/05 | 14 | 153 |
| 06/05 | 14 | 188 |
| 07/05 | 15 | 186 |
| 08/05 | 15 | 153 |
| 09/05 | 15 | 226 |
| 10/05 | 15 | 151 |
| 11/05 | 15 | 107 |
| 12/05 | 15 | 101 |
| 01/06 | 15 | 91 |
| 02/06 | 15 | 85 |
| Total | | 1,751 |

| STORAGE TANK CAPACITY (Gallons) | NUMBER OF EACH | ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER | WELL PRODUCTION (Gallons per Minute) |
|---------------------------------------|-------------------|---|--|
| 20,000 | 1 | 55-804131 | 30 |
| 25,000 | 1 | | |
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| Other Water Sources in Gallons per Minute —————→ | GPM | - |
| Fire Hydrants on System —————→ | Yes | X No |
| *Total Water Pumped Last 13 Months (Gallons in Thousands) —————→ | | 2,482 |

* Well casing damaged in 2005. New well in production. High water usage due to flushing of lines and tank.

WATER USE DATA SHEET

| | |
|--|--|
| NAME OF COMPANY —————→ | Water Utility of Greater Tonopah, Inc. |
| ADEQ Public Water System No. —→ | Tufts WPE #7 System PWS #07-617 |

| MONTH/YEAR (Last 13 Months) | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) |
|--------------------------------|---------------------|-----------------------------|
| 02/05 | 6 | 20 |
| 03/05 | 6 | 23 |
| 04/05 | 6 | 36 |
| 05/05 | 6 | 46 |
| 06/05 | 6 | 70 |
| 07/05 | 6 | 57 |
| 08/05 | 6 | 44 |
| 09/05 | 6 | 46 |
| 10/05 | 6 | 41 |
| 11/05 | 6 | 30 |
| 12/05 | 6 | 28 |
| 01/06 | 6 | 30 |
| 02/06 | 6 | 26 |
| Total | | 497 |

| STORAGE TANK CAPACITY (Gallons) | NUMBER OF EACH | ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER | WELL PRODUCTION (Gallons per Minute) |
|---------------------------------------|-------------------|---|--|
| 5,000 | 1 | 55-802144 | 20 |
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| Other Water Sources in Gallons per Minute —————→ | GPM | - |
| Fire Hydrants on System —————→ | Yes | X No |
| Total Water Pumped Last 13 Months (Gallons in Thousands) —→ | | 520 |

WATER USE DATA SHEET

| | |
|--|--|
| NAME OF COMPANY —————→ | Water Utility of Greater Tonopah, Inc. |
| ADEQ Public Water System No. —→ | WPE #6 System PWS #07-733 |

| MONTH/YEAR (Last 13 Months) | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) |
|--------------------------------|---------------------|-----------------------------|
| 02/05 | 24 | 51 |
| 03/05 | 25 | 58 |
| 04/05 | 25 | 82 |
| 05/05 | 23 | 153 |
| 06/05 | 23 | 141 |
| 07/05 | 23 | 199 |
| 08/05 | 24 | 126 |
| 09/05 | 23 | 153 |
| 10/05 | 23 | 158 |
| 11/05 | 23 | 110 |
| 12/05 | 23 | 86 |
| 01/06 | 23 | 94 |
| 02/06 | 23 | 97 |
| Total | | 1,508 |

| STORAGE TANK CAPACITY (Gallons) | NUMBER OF EACH | ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER | WELL PRODUCTION (Gallons per Minute) |
|---------------------------------------|-------------------|---|--|
| 7,500 | 1 | 55-802145 | 20 |
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| Other Water Sources in Gallons per Minute —————→ | GPM | - |
| Fire Hydrants on System —————→ | Yes | X No |
| Total Water Pumped Last 13 Months (Gallons in Thousands) —→ | | 1,604 |

WATER USE DATA SHEET

| | |
|--|--|
| NAME OF COMPANY —————▶ | Water Utility of Greater Tonopah, Inc. |
| ADEQ Public Water System No. —▶ | Dixie System PWS #07-030 |

| MONTH/YEAR (Last 13 Months) | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) |
|--------------------------------|---------------------|-----------------------------|
| 02/05 | 21 | 107 |
| 03/05 | 24 | 117 |
| 04/05 | 25 | 183 |
| 05/05 | 25 | 341 |
| 06/05 | 23 | 239 |
| 07/05 | 23 | 271 |
| 08/05 | 24 | 198 |
| 09/05 | 24 | 232 |
| 10/05 | 23 | 203 |
| 11/05 | 23 | 177 |
| 12/05 | 23 | 129 |
| 01/06 | 23 | 143 |
| 02/06 | 23 | 135 |
| Total | | 2,475 |

| STORAGE TANK CAPACITY (Gallons) | NUMBER OF EACH | ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER | WELL PRODUCTION (Gallons per Minute) |
|---------------------------------------|-------------------|---|--|
| 10,000 | 1 | 55-639586 | 40 |
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|---|-----|-----------|
| Other Water Sources in Gallons per Minute —————▶ | GPM | - |
| Fire Hydrants on System —————▶ | Yes | X No |
| Total Water Pumped Last 13 Months (Gallons in Thousands) —▶ | | 2,574 |

WATER USE DATA SHEET

| | |
|--|--|
| NAME OF COMPANY —————→ | Water Utility of Greater Tonopah, Inc. |
| ADEQ Public Water System No. —→ | B&D/Buckeye Ranch System PWS #07-618 |

| MONTH/YEAR (Last 13 Months) | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) |
|--------------------------------|---------------------|-----------------------------|
| 02/05 | 66 | 226 |
| 03/05 | 67 | 279 |
| 04/05 | 68 | 352 |
| 05/05 | 70 | 526 |
| 06/05 | 70 | 943 |
| 07/05 | 70 | 972 |
| 08/05 | 72 | 733 |
| 09/05 | 74 | 468 |
| 10/05 | 72 | 423 |
| 11/05 | 73 | 398 |
| 12/05 | 75 | 336 |
| 01/06 | 76 | 339 |
| 02/06 | 77 | 343 |
| Total | | 6,338 |

| STORAGE TANK CAPACITY (Gallons) | NUMBER OF EACH | ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER | WELL PRODUCTION (Gallons per Minute) |
|---------------------------------------|-------------------|---|--|
| 150,000 | 1 | 55-802962 | 125 |
| 5,000 | 1 | 55-803811 | 20 |
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|---|-----|-----------|
| Other Water Sources in Gallons per Minute —————→ | GPM | - |
| Fire Hydrants on System —————→ | Yes | X No |
| Total Water Pumped Last 13 Months (Gallons in Thousands) —→ | | 7,134 |

Exhibit K

Water Utility of Greater Tonopah, Inc.
Balance Sheet
December 31, 2005

ASSETS

| | |
|-----------------------------|---------------------|
| PROPERTY, PLANT & EQUIPMENT | 1,299,758.73 |
| Construction in Progress | 94,489.97 |
| Accumulated Depreciation | <u>(563,755.76)</u> |

| | |
|--------------------------------|-------------------|
| TOTAL PROPERTY, PLANT & EQUIP. | <u>830,492.94</u> |
|--------------------------------|-------------------|

CURRENT ASSETS

| | |
|---------------------|-------------|
| Cash | 2,757.00 |
| Accounts Receivable | 8,864.75 |
| Other Receivable | 0.00 |
| Prepaid Expense | <u>0.00</u> |

| | |
|----------------------|------------------|
| TOTAL CURRENT ASSETS | <u>11,621.75</u> |
|----------------------|------------------|

OTHER ASSETS

| | |
|------------------------|-------------|
| Restricted Cash | 3,943.15 |
| Deferred Income Taxes | 14,876.00 |
| Deferred CAP Costs Fee | 25,344.00 |
| Deposits | 0.00 |
| Inter-Co Receivable | 0.00 |
| Investments | <u>0.00</u> |

| | |
|--------------------|------------------|
| TOTAL OTHER ASSETS | <u>44,163.15</u> |
|--------------------|------------------|

| | |
|--------------|--------------------------|
| TOTAL ASSETS | <u><u>886,277.84</u></u> |
|--------------|--------------------------|

Water Utility of Greater Tonopah, Inc.
Balance Sheet
December 31, 2005

STOCKHOLDER'S EQUITY & LIABILITIES

STOCKHOLDER'S EQUITY

| | |
|----------------------------|--------------------|
| Common Stock | 13,500.00 |
| Additional Paid in Capital | 643,183.00 |
| Retained Earnings | (523,822.13) |
| Net Income | <u>(19,320.58)</u> |

| | |
|-----------------------------------|--------------------------|
| TOTAL STOCKHOLDER'S EQUITY | <u>113,540.29</u> |
|-----------------------------------|--------------------------|

LONG-TERM DEBT

| | |
|-----------------------|------------------|
| L-T Debt (Net of C/P) | <u>85,909.86</u> |
|-----------------------|------------------|

| | |
|-----------------------------|-------------------------|
| TOTAL LONG-TERM DEBT | <u>85,909.86</u> |
|-----------------------------|-------------------------|

CURRENT LIABILITIES

| | |
|-----------------------------|-------------|
| Current Portion of L-T Debt | 3,628.07 |
| Account Payable | 0.00 |
| Customer Security Deposits | 4,710.00 |
| Current Portion of AIAC | 430.48 |
| Accrued Property Taxes | 3,012.70 |
| Accrued Sales & Use Taxes | 813.41 |
| Accrued Income Tax | <u>0.00</u> |

| | |
|----------------------------------|-------------------------|
| TOTAL CURRENT LIABILITIES | <u>12,594.66</u> |
|----------------------------------|-------------------------|

DEFERRED LIABILITIES

| | |
|-------------------------------|-------------------|
| Meter Deposits | 63,963.50 |
| Inter-Co Payable | 144,730.02 |
| AIAC (Net of C/P) | 393,971.42 |
| Contribution for Construction | 73,117.69 |
| Amortization of Contributions | <u>(1,549.60)</u> |

| | |
|-----------------------------------|--------------------------|
| TOTAL DEFERRED LIABILITIES | <u>674,233.03</u> |
|-----------------------------------|--------------------------|

**TOTAL STOCKHOLDER'S EQUITY
& LIABILITIES**

| |
|-------------------|
| 886,277.84 |
|-------------------|

Water Utility of Greater Tonopah, Inc.
Income Statement
For the Twelve Months Ending December 31, 2005

| | <u>Current Month</u> | <u>Year to Date</u> |
|--|----------------------|---------------------|
| Water Sales | 12,757.32 | 166,126.25 |
| Other Operating Revenue | 393.41 | 4,887.63 |
| TOTAL OPERATING REVENUE | 13,150.73 | 171,013.88 |
| OPERATING EXPENSE | | |
| Wages | 1,564.65 | 23,938.12 |
| Employee Benefits | 274.16 | 2,652.56 |
| IRA Contribution | 21.02 | 243.54 |
| Purchased Power | 809.24 | 10,698.11 |
| Repairs & Maintenance | 2,992.11 | 8,190.78 |
| Water Testing & Treat. | 630.40 | 8,129.02 |
| Outside Services | 1,904.57 | 11,102.13 |
| Management Fees | 2,500.00 | 28,270.00 |
| Transportation | 0.00 | 1,088.44 |
| General Office & Admin. | 67.49 | 1,792.46 |
| Rent | 300.00 | 1,670.40 |
| General Insurance | 189.39 | 2,272.68 |
| Depreciation | 3,725.69 | 58,553.32 |
| Rate Case Expense | 675.00 | 3,300.00 |
| Bad Debts | 27.99 | 868.77 |
| Regulatory/Permits | 750.00 | 2,089.86 |
| Payroll Taxes | 304.47 | 2,329.54 |
| Property Taxes | 1,019.34 | 12,231.42 |
| Income Taxes | 600.00 | 7,200.00 |
| TOTAL OPERATING EXPENSES | 18,355.52 | 186,621.15 |
| EARNINGS (LOSS) FROM OPERATIONS | (5,204.79) | (15,607.27) |
| OTHER INCOME (EXPENSE) | | |
| Interest Income | 0.00 | 0.00 |
| Interest Expense | (521.93) | (4,218.31) |
| Other Income (Expense) | 0.00 | 505.00 |
| Income (Tax) Benefit | 0.00 | 0.00 |
| TOTAL OTHER INCOME (EXPENSE) | (521.93) | (3,713.31) |
| NET EARNINGS (LOSS) | (5,726.72) | (19,320.58) |

Exhibit L

BEFORE THE BOARD OF SUPERVISORS

OF

MARICOPA COUNTY, STATE OF ARIZONA

IN THE MATTER OF THE APPLICATION) FRANCHISE
OF THE WATER UTILITY OF GREATER)
TONOPAH, INC. FOR A WATER UTILITY)
FRANCHISE IN MARICOPA COUNTY.)

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF MARICOPA
COUNTY, STATE OF ARIZONA, THAT:

WHEREAS, the Water Utility of Greater Tonopah, Inc.
hereinafter designated as the Grantee, doing business in Maricopa
County, Arizona, bearing date of March 2, 1989, praying for the
right, privilege, license and Franchise to construct, maintain and
operate a domestic water distribution system for a period not to
exceed 25 years or for a period of one (1) year after the
franchised area or a portion thereof is annexed by a municipality,
whichever is shorter, for the transmission and delivery of water
for domestic purposes, along, upon, under and across public
highways, roads, alleys and thoroughfares (excepting State

1
2
3 Highways), within that portion of Maricopa County, Arizona, known
4 and described as follows, to-wit:

5 Legal Description: See Exhibit A, attached.

6 and not within the confines of any incorporated city or town, and
7 under such restrictions and limitations and upon such terms as the
8 Board of Supervisors may provide, not inconsistent with the laws
9 of the State of Arizona, or the orders and rules of the
10 Corporation Commission of the State of Arizona, and that the Board
11 take such proceedings herein as is provided by the laws of the
12 State of Arizona; and

13 WHEREAS, upon filing said Application, the said Board of
14 Supervisors on the 20th day of March, 1989, ordered that public
15 notice of the intention of said Board to make such grants be given
16 by publishing a notice in the official newspaper of Maricopa
17 County, State of Arizona, and that 9:00 a.m., on the 17th day of
18 April, 1989, at the meeting room of said Board of Supervisors
19 located at 205 West Jefferson Street in the City of Phoenix,
20 Arizona, be set as the time and place of hearing the said
21 Application; and

22 WHEREAS, the said Application coming on regularly for
23 hearing on said day and it appearing by the affidavit of the duly
24 authorized agent of the newspaper said time and place set for the
25 consideration of such Application has been published for at least
26 once a week for the three-week period prior to said date set forth
27 herein, to wit:
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March 29, April 5,

In the issues of the said newspaper on and 12, 1989,
and it appearing that no sufficient protest has been filed by the
qualified electors of the said County petitioning said Board of
Supervisors to deny such license and franchise, and it further
appearing the best interest of Maricopa County will be served by
the granting of said Application and the Franchise referred to
therein;

NOW, THEREFORE, the Board of Supervisors of Maricopa
County, State of Arizona, acting on behalf of said County does
hereby grant unto the Water Utility of Greater Tonopah, Inc.,
doing business in Maricopa County, Arizona, subject to the terms,
conditions and limitations hereinafter contained, the right,
privilege, license and franchise to construct, maintain and
operate a domestic water distribution system, for a period not to
exceed 25 years or for a period of one (1) year after the
franchised area is annexed by a municipality, whichever is
shorter, for the supplying of this service along, upon, under and
across the public highways, roads, alleys and thoroughfares
(excepting State Highways) within that portion of Maricopa County,
Arizona, hereinabove described, under such restrictions and
limitations and upon such terms as this Board at any time may
provide, not inconsistent with the laws of the State of Arizona,
or the orders and rules of the Corporation Commission of the State
of Arizona, specifically providing, however, that:

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- 1) All rights hereunder are granted under the express condition that the Board of Supervisors of said Maricopa County shall have the power at any time to impose such restrictions and limitations and to make such regulations on such highways, roads, and thoroughfares as may be deemed best for the public safety, health, welfare and convenience.
- 2) All rights hereby granted shall be exercised so as not to interfere or conflict with any easements, or rights-of-way heretofore granted by said Board of Supervisors and now in force.
- 3) All rights hereby granted shall be exercised so as not to interfere or conflict with any easement, either public or private, of whatsoever nature, which has been acquired in or to the proper use of said highway, roads, and thoroughfares, or any portion thereof.
- 4) All rights hereby granted shall be exercised so as not to interfere or conflict with or endanger in any way the proper use by the public of said highways, roads, and thoroughfares, or any portion thereof.
- 5) That the said Grantee shall bear all expenses incurred including damages and compensation for the alteration of the course, direction, surface, grade

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3 or alignment of any of the said highways, roads and
4 thoroughfares necessarily made by the said Grantee
5 for the purpose of this Franchise; that said
6 Grantee will maintain his equipment from time to
7 time as the same may be needed, without the
8 necessity of notice from Maricopa County. In the
9 event the said Grantee shall fail to make any
10 repairs within ten days from the time same becomes
11 necessary, then Maricopa County may cause the same
12 to be made, and said Grantee agrees to pay Maricopa
13 County the cost thereof.

- 14 6) That all property of the franchise be installed and
15 operated by the said Grantee and shall be placed,
16 removed or relocated, initially and throughout the
17 term of this Franchise, along, in, over, under and
18 across the said highways, roads and thoroughfares,
19 in such a manner and location as the Board of
20 Supervisors or its duly authorized agents may
21 designate. Such placement, removal or relocation
22 shall be done at the sole expense of the Grantee
23 upon a determination by the Board of Supervisors of
24 Maricopa County that such placement, removal or
25 relocation is necessary.

26 If the Grantee fails or refuses to so remove or
27 relocate, Maricopa County may so remove or relocate, at the sole
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3 expense of Grantee, such expense to include any and all damages
4 and compensation of whatsoever nature arising therefrom.

5 In this section the term "property" includes conduits,
6 pipe, wires, poles, or other structures and appliances used to
7 supply or deal in gas, electricity, lights, water, heat,
8 refrigeration, power, telephones, telegraph, television and other
9 public utilities.

10 Any finding or determination made by the Board of
11 Supervisors pursuant hereto shall be final and binding upon the
12 Grantee whether or not such findings or determinations relate to
13 the requirements of public safety or welfare, the use of public
14 roads or the need for proposed improvements, and whether or not
15 the function to be served by such removal or relocation is of a
16 governmental or proprietary nature.

17 7) That said Grantee shall indemnify and save harmless
18 the said County of Maricopa from all costs,
19 expenses and liabilities in connection with the
20 granting of this Franchise and exercise of the same
21 by them.

22 8) That the rights of any person claiming to be
23 injured in any manner by the maintenance of said
24 projects and equipment shall not be affected
25 hereby.
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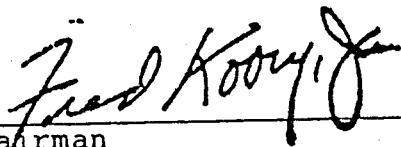
- 9) That the terms and conditions of this Franchise shall inure to the benefit of, and be binding upon, all the heirs and assigns of the said Grantee.
- 10) That the franchise and privilege herein granted shall not be deemed to be exclusive and the said Board of Supervisors hereby expressly reserves the right and power to grant from time to time similar franchises and privileges over the same territory and highways, roads and thoroughfares.
- 11) This Franchise is granted upon the express condition that a Certificate of Convenience and Necessity be procured from the Corporation Commission of the State of Arizona within six months from the date of granting of this Franchise; and if such Certificate is not granted within twelve months from said date, then this Franchise to be void, otherwise to be in full force and effect for the time herein specified.
- 12) All materials and construction methods used within the public right-of-way shall conform to the applicable standards, specifications and special provisions currently in effect in Maricopa County.

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13)

The Franchise holder shall obtain a construction permit from the office of the County Engineer prior to construction of any facilities in the public right-of-way.

DATED this 17th day of April, 1989.


Chairman

ATTEST:

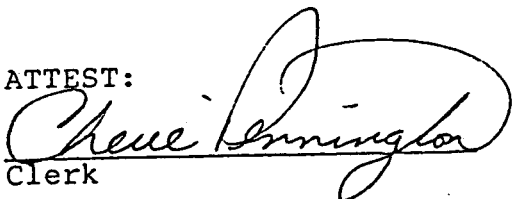

Clerk

EXHIBIT A

LEGAL DESCRIPTION

FRANCHISE: WATER UTILITY OF GREATER TONOPAH, INC.

T1N R10W: §§ 12,13

T1N R9W: §§ 1,2,3,7,8,9,10,11,12,16,17,18

T1N R8W: §§ 1,2,3,4,5,6

T2N R9W: §§ 12,13,24,25,36

T2N R8W: §§ 7,8,9,10,11,12,
13,14,15,16,17,18,
19,20,21,22,23,24,
25,26,27,28,29,30
31,32,33,34,35,36

T2N R7W: §§ 7,8,9,10,11,
13,14,15,16,17,18,
19,20,21,22,23,24,
25,26,27,28,29, 30,
31,32,33,34,35,36

T1N R7W: §§ 1,2,3,4,5,6,
10,11,12,13,14,15,
22,23,24

T2N R6W: §§ 18,19,20,21,22,23
25,26,27,28,29,30,
31,32,33,34,35,36

T1N R6W: §§ 1,2,3,4,5,6,
7,8,9,10,11,12,
13,14,15,16,17,18,
19,20,21,22,23,24,
25,E1/2 26,36

T1S R6W: § 1

T2N R5W: §§ 27,28,29,30
31,32,33,34

T1N R5W: §§ 3,4,5,6,
7,8,9,10,
15,16,17,18,
19,20,21,22,
27,28,29,30,
31,32,33,34

T1S R5W: §§ 3,4,5,6,7,8,9,10

of the Gila and Salt River Base and Meridian, Maricopa
County, Arizona.

EXHIBIT M

**PUBLIC NOTICE OF AN APPLICATION FOR AN
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
BY WATER UTILITY OF GREATER TONOPAH, INC.**

Water Utility of Greater Tonopah, Inc. has filed with the Arizona Corporation Commission ("Commission") an application for an extension of its Certificate of Convenience and Necessity to provide water service. Our records indicate that you are either currently a customer of Water Utility of Greater Tonopah, Inc. or are a property owner in the proposed extension area. If the application is granted, Water Utility of Greater Tonopah, Inc. would be the exclusive provider of water service to the proposed area. Water Utility of Greater Tonopah, Inc. will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 W. Washington Street, and at Water Utility of Greater Tonopah, Inc. in Phoenix at 3800 N. Central Avenue, Suite 770.

The Commission will hold a hearing on this matter. As a property owner, or customer, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 W. Washington Street, Phoenix, Arizona, 85007 or call 1-800-222-7000/400.